

MINUTES ADOPTED BY THE CITY COUNCIL

Greenville, NC
March 18, 2003

The Greenville City Council met in a regular meeting on the above date at 5:30 PM with the Greenville Utilities Commissioners in the Board Room of the Greenville Utilities Main Office Building, with Mayor Parrott and Chairman Davis presiding. The following were present.

City Council Members

Mayor Robert D. Parrott
Mayor Pro-Tem Ric Miller
Council Member Mildred A. Council
Council Member Ray Craft
Council Member Pat Dunn
Council Member Rose H. Glover
Council Member Chip Little

Commission Members

Chair Charles E. Davis
Vice Chairman Christopher Jenkins
Commissioner Marvin Davis
Commissioner Bryant Kittrell
Commissioner Wayne Powell
Commissioner Faye Taylor
Commissioner Buddy Zincone

ABSENT: Commissioner Clifton Hickman

CALL TO ORDER

Mayor Parrott called the City Council to order.

Chairman Davis called the Commission to order.

APPROVAL OF AGENDA

Motion was made by Council Member Craft and seconded by Mayor Pro-Tem Miller to approve the agenda as presented. Motion carried unanimously.

Motion was made by Commissioner Zincone and seconded by Commissioner Kittrell to approve the agenda as presented. Motion carried unanimously.

Chairman Charles Davis and Mr. Malcolm Green, General Manager of Greenville Utilities Commission, presented Dr. Richard Spruill of East Carolina University with a plaque of appreciation as well as a gift certificate. Dr. Spruill has assisted Greenville Utilities for several years with the Aquifer Storage and Recovery Project. He was instrumental in assisting Greenville Utilities to acquire the first and only ASR permit in North Carolina and has functioned alongside staff as a team member at no cost to Greenville Utilities Commission. He continues to be an asset to the Commission on many projects in addition to the ASR project.

Dr. Ron Nowaczyk, Associate Vice Chancellor for Community Engagement at East Carolina University stated that East Carolina is very proud of Dr. Spruill and added that he reflects the kind of professor that East Carolina wants to develop among the current and future faculty. Dr. Spruill not only works with East Carolina but also with the community and is well respected by his colleagues.

Chairman Davis reported that he and Commissioner Taylor recently attended the E-300 Luncheon hosted by Greenville Utilities Commission, where two awards were received--one from the NC State Energy Office and one from Electricities. Greenville Utilities also received a congratulatory letter from Governor Easley.

Chairman Charles Davis introduced Warren Newton, newly hired Finance Director, to the City Council.

CONSIDERATION OF GREENVILLE UTILITIES COMMISSION ADMINISTRATIVE BUILDING MATTERS

City Manager Davis reported that an appraisal was jointly commissioned for the Greenville Utilities Commission building. The fair market value of the building was established at \$950,000.

Motion was made by Mayor Pro-Tem Miller and seconded by Council Member Council to authorize the purchase by the City of the Greenville Utilities Commission Administrative Building for \$950,000. Motion carried unanimously.

Motion was made by Commissioner Kittrell and seconded by Commissioner Zincone to accept the offer of \$950,000 from the City of Greenville for the purchase of the Greenville Utilities Commission Administrative Building. Motion carried unanimously.

General Manager Green reported that Wachovia would like to close some time in late April or early May. He added that there are some issues that need to be resolved but feels that the closing will take place in May. When the Wachovia building is finished, Greenville Utilities Commission will occupy approximately one-half of the first floor and Wachovia will occupy the remainder of the first floor. Wachovia will be providing teller service for their customers and Greenville Utilities Commission will be providing teller service for Utilities customers on the first floor. Wachovia personnel will operate a three-car drive-through for Greenville Utilities Commission payments and Wachovia payments. It is a good opportunity for Greenville Utilities and Wachovia to maximize the space. There will be a small amount of renovation to the second floor and then Utilities staff can move in. Wachovia will pay for all the renovations to the first

floor to separate the two entities. There will need to be some work done to the outside of the building such as landscape and signage to change the building from a banking facility to a utility facility.

City Manager Davis stated that it could be approximately one year before the Utilities vacates its present Administrative Building. There has been some discussion that some renovations will need to occur as well as a potential addition to the west side of the Administrative Building. There needs to be an analysis of what is needed in facilities and space and how that can be accomplished with an architect. There has been a desire to have an integrated or campus-like setting where it looks as if the facilities work together or complement each other. There are issues that need to be jointly worked on and discussed, such as signage issues and parking issues, so that in the end everything works and is as nice as can be for the citizens and customers. There had been some discussion on the possibility of forming a Joint Site Development Committee with staff and one Greenville Utilities Commission representative and one City representative to work with an architectural firm for the renovations and expansions. This is a way to work cooperatively together and will be a positive step by both the Utilities and the City.

Mayor Parrott appointed Mayor Pro-Tem Miller to the Joint Site Development Committee.

Chairman Davis appointed Commissioner Kittrell to the Joint Site Development Committee.

Mayor Parrott pointed out that at a previous joint meeting there was some discussion on revitalization of West Greenville and Uptown Greenville. Most of the development in these areas would be single-family dwellings and there would be a lot of water and sewer lines that need to be upgraded and also street lighting installed. Hopefully, all of the utilities could be placed underground which would make a nicer community. He requested that Greenville Utilities Commission staff consider these improvements.

General Manager Green stated that it would be good to have a plan with cost estimates for the Commission to look at. Staff would need to look at costs and how it would fit into the Utilities' budget.

RESOLUTION REFUNDING 1995 AND 1997 REVENUE BONDS - ADOPTED

Given the current interest rate environment, staff reviewed all of the outstanding bonds for potential interest savings. Through this process two additional bond series were identified that if refunded, would provide significant interest savings. These are the 1995A Series and the 1997 Series Greenville Utilities Commission Combined Enterprise Revenue Bonds. The estimate of savings in interest is approximately \$1.4 million. In order to meet the various timing requirements of the documents that need to be considered by Greenville Utilities Commission and the City, two resolutions were prepared. One is for Greenville Utilities Commission which recommends the adoption of the series resolution to the City Council. The series resolution authorizes up to \$14 million Greenville Utilities Commission Combined Enterprise System Revenue Refunding Bonds, Series 2003. This resolution also requests that the Local Government Commission sell the bonds by negotiated sale.

Mr. Mike Ervin, Interim Financial Services Director, reported that there would be no change to the terms of the bond and that the only change would be the interest reduction.

Motion was made by Commissioner Zincone and seconded by Commissioner Powell to adopt the following resolution, which recommends the adoption of the series resolution to the City Council. Motion carried unanimously.

“COPY”

RESOLUTION APPROVING AND RECOMMENDING TO THE CITY COUNCIL OF THE CITY OF GREENVILLE, NORTH CAROLINA THE ADOPTION OF A SERIES RESOLUTION OF SAID CITY COUNCIL AUTHORIZING THE ISSUANCE AND SALE OF A \$4,817,725 GREENVILLE UTILITIES COMMISSION COMBINED ENTERPRISE SYSTEM REVENUE REFUNDING BOND, SERIES 2003A AND THE ISSUANCE AND EXCHANGE OF A \$8,760,000 GREENVILLE UTILITIES COMMISSION COMBINED ENTERPRISE SYSTEM REVENUE REFUNDING BOND, SERIES 2003B PURSUANT TO THE PROVISIONS OF SECTION 211 OF THE BOND ORDER ADOPTED BY SAID CITY COUNCIL ON AUGUST 11, 1994, AMENDED AND RESTATED AS OF APRIL 13, 2000 AND REQUESTING THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION TO SELL THE SERIES 2003A BOND BY PRIVATE SALE

WHEREAS, the City of Greenville, North Carolina (the “City”), a municipal corporation in Pitt County, North Carolina, owns certain public utility or public service enterprise facilities comprising an electric system, a natural gas system, a sanitary sewer system and a water system, within and without the corporate limits of the City (collectively, the “Combined Enterprise System”); and

WHEREAS, in accordance with Chapter 861 of the 1992 Session Laws of North Carolina, the Greenville Utilities Commission (the “Commission”) has been created for the proper management of the public utilities of the City, within and without the corporate limits of the City, with responsibility for the entire supervision and control of the management, operation, maintenance, improvement and extension of the public utilities of the City, including the Combined Enterprise System; and

WHEREAS, the City Council of the City (the “City Council”) adopted, on August 11, 1994, amended and restated as of April 13, 2000, a bond order authorizing and securing Greenville Utilities Commission Combined Enterprise System Revenue Bonds of the City (the “Order”); and

WHEREAS, Section 211 of the Order authorizes the issuance of refunding revenue bonds of the City in one or more series from time to time for the purposes, among other authorized purposes, of (a) redeeming prior to maturity all or any part of the revenue bonds outstanding

under the Order and paying the interest to accrue thereon to the date fixed for redemption and (b) paying any expenses in connection with such refunding; and

WHEREAS, Bank of America, N.A. has offered to (i) purchase a refunding bond having the same remaining principal amortization schedule and other terms substantially the same as the City's outstanding Greenville Utilities Commission Combined Enterprise System Revenue Bond, Series 1995A (the "Series 1995A Bond") but with a reduced interest rate and (ii) reduce the interest rate on the City's outstanding Greenville Utilities Commission Combined Enterprise System Revenue Bond, Series 1997 (the "Series 1997 Bond") of which Bank of America is the sole owner; and

WHEREAS, the Commission and the City Council have determined that it is in their best interests to accept such offer; and

WHEREAS, pursuant to Section 211 of the Order, such refunding revenue bonds are to have such terms and provisions as are determined by the Director of Financial Services of the City, subject to the limitations set forth in a series resolution to be adopted by the City Council prior to the issuance thereof and the City Council is considering the adoption of such a series resolution substantially in the form presented to the Commission, which resolution (the "Series Resolution") is entitled:

"SERIES RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A \$4,817,725 GREENVILLE UTILITIES COMMISSION COMBINED ENTERPRISE SYSTEM REVENUE BOND, SERIES 2003A AND THE ISSUANCE AND EXCHANGE OF A \$8,760,000 GREENVILLE UTILITIES COMMISSION COMBINED ENTERPRISE SYSTEM REVENUE BOND, SERIES 2003B OF THE CITY OF GREENVILLE, NORTH CAROLINA PURSUANT TO THE PROVISIONS OF SECTION 211 OF THE BOND ORDER ADOPTED BY THE CITY COUNCIL OF SAID CITY ON AUGUST 11, 1994, AMENDED AND RESTATED AS OF APRIL 13, 2000, AND REQUESTING THE LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA TO SELL THE SERIES 2003A BOND BY PRIVATE SALE"; and

WHEREAS, the City Council has requested the Commission to advise the City Council as to whether the Commission approves of the provisions of the Series Resolution, agrees to undertake its responsibilities thereunder and recommends to the City Council that the City Council adopt the Series Resolution;

NOW, THEREFORE, THE GREENVILLE UTILITIES COMMISSION DOES HEREBY DETERMINE AND RESOLVE, as follows:

Section 1. The Commission hereby approves the provisions of the Series Resolution in the form presented to it.

Section 2. The Commission hereby agrees to undertake and be responsible for those matters with respect to which it is given responsibility or to be done by it pursuant to the provisions of the Series Resolution and such other documents as may be required in connection with the issuance of the Series 2003A Bond and the Series 2003B Bond.

Section 3. The Commission hereby recommends to the City Council that the City Council adopt the Series Resolution.

Section 4. If the LGC awards the Series 2003A Bond to Bank of America, N.A. in accordance with the provisions of Section 11 of the Series Resolution, then the General Manager of the Commission is hereby authorized to approve a bond purchase and interest rate modification agreement by and between the LGC and Bank of America, N.A. and to be approved by the City, and the General Manager of the Commission is hereby also authorized to signify such approval by his execution of such bond purchase and interest rate modification agreement, such execution to be conclusive evidence of the approval thereof by the Commission.

Section 5. The officers, agents and employees of the Commission are hereby authorized and directed to do all acts and things required of them by the provisions of the Series Resolution for the full, punctual and complete performance of the terms, covenants, provisions and agreements contained therein.

Section 6. This resolution shall take effect immediately upon its adoption.

Adopted this the 18th day of March, 2003.

/s/ Charles E. Davis
Chair

ATTEST:

/s/Bryant Kittrell
Secretary

APPROVED AS TO FORM:

/s/ Phillip R. Dixon
Commission Attorney

“COPY”

Ms. Bernita Demery, Director of Financial Services for the City of Greenville, reported that the sale for refunding of General Obligation bonds was March 18 and that the savings were over \$800,000. The City savings for debt service over the next 10 years is \$200,000 and the savings for Greenville Utilities is \$608,000. Ms. Demery requested that the City Council approve the resolution for refunding the 1995A and 1997 series bonds, which would be an additional opportunity for the City to save money.

City Manager Davis stated that this is two different refundings. One is the general obligation bonds that were sold on March 18 and one is a revenue bond. The revenue bond is a private placement as opposed to a sale on the market.

Mayor Parrott introduced the following resolution, a copy of which had been provided to each Council Member, and which was read by its title:

Motion was made by Council Member Craft and seconded by Council Member Little to adopt the resolution authorizing the sale of Greenville Utilities Commission's 1995A and 1997 series bonds. Motion carried unanimously. (Resolution No. 03-15)

"COPY"

RESOLUTION NO. 03-15

SERIES RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A \$4,817,725 GREENVILLE UTILITIES COMMISSION COMBINED ENTERPRISE SYSTEM REVENUE REFUNDING BOND, SERIES 2003A AND THE ISSUANCE AND EXCHANGE OF A \$8,760,000 GREENVILLE UTILITIES COMMISSION COMBINED ENTERPRISE SYSTEM REVENUE REFUNDING BOND, SERIES 2003B OF THE CITY OF GREENVILLE, NORTH CAROLINA PURSUANT TO THE PROVISIONS OF SECTION 211 OF THE BOND ORDER ADOPTED BY THE CITY COUNCIL OF SAID CITY ON AUGUST 11, 1994, AMENDED AND RESTATED AS OF APRIL 13, 2000, AND REQUESTING THE LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA TO SELL THE SERIES 2003A BOND BY PRIVATE SALE

WHEREAS, the City of Greenville, North Carolina (the "City"), a municipal corporation in Pitt County, North Carolina, owns certain public utility or public service enterprise facilities comprising an electric system, a natural gas system, a sanitary sewer system and a water system, within and without the corporate limits of the City (collectively, the "Combined Enterprise System"); and

WHEREAS, in accordance with Chapter 861 of the 1992 Session Laws of North Carolina, the Greenville Utilities Commission (the "Commission") has been created for the proper management of the public utilities of the City, within and without the corporate limits of the City, with responsibility for the entire supervision and control of the management, operation, maintenance, improvement and extension of the public utilities of the City, including the Combined Enterprise System; and

WHEREAS, the City Council of the City (the "City Council") adopted on August 11, 1994, amended and restated as of April 13, 2000, a Bond Order authorizing and securing Greenville Utilities Commission Combined Enterprise System Revenue Bonds of the City (the "Order"); and

WHEREAS, Section 211 of the Order authorizes the issuance of refunding revenue bonds of the City in one or more series from time to time to (a) refund all or any part of the revenue bonds outstanding under the Order and (b) pay any expenses incurred in connection with such refunding; and

WHEREAS, Bank of America, N.A. has offered to (i) purchase a refunding bond having the same remaining principal amortization schedule and other terms substantially the same as the City's outstanding Greenville Utilities Commission Combined Enterprise System Revenue Bond, Series 1995A (the "Series 1995A Bond") but with a reduced interest rate and (ii) reduce the interest rate on the City's outstanding Greenville Utilities Commission Combined Enterprise System Revenue Bond, Series 1997 (the "Series 1997 Bond") of which Bank of America, N.A. is the sole owner; and

WHEREAS, the Commission and the City Council have determined that it is in their best interests to accept such offer; and

WHEREAS, pursuant to Section 211 of the Order, such refunding revenue bonds are to have such terms and provisions as may be provided by a series resolution to be adopted by the City Council prior to the issuance thereof; and

WHEREAS, the Commission has adopted a resolution to the effect that it approves the provisions of this resolution and recommends to the City Council that the City Council adopt this resolution;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GREENVILLE, NORTH CAROLINA DOES HEREBY DETERMINE AND RESOLVE, as follows:

Definitions. Unless otherwise required by the context, capitalized words and terms used in this Resolution (this "Series Resolution") and not otherwise defined herein shall have the same meanings in this Series Resolution as such words and terms are given in the Order.

Authorization of the Series 2003A Bond. Pursuant to the Enabling Act and Section 211 of the Order, the City Council hereby authorizes the issuance of a refunding revenue bond of the City, designated "Greenville Utilities Commission Combined Enterprise System Revenue Refunding Bond, Series 2003A" (the "Series 2003A Bond") in the principal amount of \$4,817,725, to provide funds, together with other available funds, to refund the Series 1995A Bond. The Series 2003A Bond shall be dated as of the date of its delivery, shall be a Serial Bond stated to mature (subject to the right of prior redemption) on the dates and in the amounts and bearing interest at the rate of 2.95% as set forth in Schedule I to the form of the Series 2003A Bond set forth below, shall be numbered R2003A-1 and shall be exchangeable for fully-registered bonds in denominations of not less than \$100,000. Interest on the Series 2003A Bond shall be payable on November 14, 2003 and thereafter semiannually on each May 14 and November 14 until the Series 2003A Bond is paid in full. There shall not be any Parity Indebtedness Reserve Requirement for the Series 2003A Bond, and the Series 2003A Bond shall not be secured by the Parity Indebtedness Reserve Fund.

Optional Redemption of the Series 2003A Bond. The Series 2003A Bond shall be subject to redemption prior to maturity, at the option of the City, in whole on any date, from any

moneys that may be made available for such purpose, upon notice as provided in Article III of the Order and at a Redemption Price (expressed as a percentage of the principal amount of the Series 2003A Bond) of 104% plus accrued interest thereon to the date fixed for redemption in the years 2003 to 2005, inclusive, and at a Redemption Price (expressed as a percentage of the principal amount of the Series 2003A Bond) of 103% thereafter.

Form of the Series 2003A Bond. The Series 2003A Bond and the Certificate of the Local Government Commission and the Certificate of Authentication to be endorsed on the Series 2003A Bond shall be substantially in the following form, with such variations, omissions and insertions as are required or permitted by the Order or this Series Resolution:

PRIVATE PLACEMENT

No. R2003A-1

\$4,817,725

United States of America
State of North Carolina

CITY OF GREENVILLE

Greenville Utilities Commission Combined Enterprise System
Revenue Refunding Bond, Series 2003A

<u>Maturity Dates</u>	<u>Dated Date</u>	<u>Interest Rate</u>	<u>CUSIP</u>
As set forth in Schedule I	May 14, 2003	2.95%	

Principal Amount: FOUR MILLION EIGHT HUNDRED SEVENTEEN THOUSAND
SEVEN HUNDRED TWENTY-FIVE DOLLARS (\$4,817,725)

The City of Greenville (the “City”), a municipal corporation in Pitt County, North Carolina, exercising public and essential governmental functions, is justly indebted and for value received hereby promises to pay, solely from the special fund provided therefor as hereinafter set forth, to Bank of America, N.A. or registered assigns or legal representative, the Principal Amount shown above in annual installments on the maturity dates referred to above (or earlier as stated hereinafter), without the presentation and surrender hereof at the principal corporate trust office of The Bank of New York, in the City of New York, New York, or any successor bond registrar (the “Bond Registrar”), in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and to pay, solely from said special fund, in whose name this Series 2003A Bond (or one or more Predecessor Bonds, as defined in the Order hereinafter mentioned), is registered at the close of business on the regular record date for such interest, which shall be the 15th day of the calendar month next preceding an interest payment date (the “Regular Record Date”), interest on the unpaid Principal Amount from the date of this Series 2003A Bond or from the May 14 or November 14 next preceding the date of authentication to which interest shall have been paid,

unless such date of authentication is a May 14 or November 14 to which interest shall have been paid, in which case from such date, on May 14 and November 14 in each year, commencing November 14, 2003, in like coin or currency, at the rate per annum specified above until payment of said principal sum. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the person who was the registered owner on such Regular Record Date and may be paid to the person in whose name this Series 2003A Bond (or one or more Predecessor Bonds) is registered at the close of business on a Special Record Date (as defined in the Order) for the payment of such defaulted interest to be fixed by the Trustee hereinafter mentioned, notice whereof being given to registered owners not less than ten (10) days prior to such Special Record Date, or may be paid in any other lawful manner not inconsistent with the requirements of applicable law or any securities exchange on which the Series 2003A Bond may be listed and upon such notice as may be required by such law or exchange, all as more fully provided in the Order.

This Series 2003A Bond is one of a duly authorized series of revenue bonds of the City, designated "Greenville Utilities Commission Combined Enterprise System Revenue Refunding Bond, Series 2003A", consisting of a Serial Bond maturing in annual installments on May 14 of each year to and including May 14, 2011, and issued to provide funds, together with other available funds, to refund prior to their maturity the City's Series 1995A Bond (as defined herein). Pursuant to the Enabling Act (as hereinafter defined), the Greenville Utilities Commission (the "Commission") is responsible for the management, operation, maintenance, improvement and extension of the Combined Enterprise System.

The Series 2003A Bond is issued under and pursuant to the Constitution and laws of the State of North Carolina, including Chapter 861 of the 1992 Session Laws of North Carolina and The State and Local Government Revenue Bond Act, as amended (collectively, the "Enabling Act"), a Bond Order duly adopted on August 11, 1994, amended and restated as of April 13, 2000 (the "Order") by the City Council of the City (the "City Council"), and a series resolution duly adopted on March 18, 2003 (the "Series Resolution") by the City Council. The City has heretofore issued under the Order \$13,090,000 aggregate principal amount of its Greenville Utilities Commission Combined Enterprise System Revenue Bonds, Series 1994, dated August 15, 1994 (the "Series 1994 Bonds"), \$7,765,000 aggregate principal amount of its Greenville Utilities Commission Combined Enterprise System Revenue Bond, Series 1995A, dated November 14, 1995 (the "Series 1995A Bond"), \$1,228,518.69 aggregate principal amount of its Greenville Utilities Commission Combined Enterprise System Revenue Refunding Bond, Series 1995B, dated November 14, 1995 (the "Series 1995B Bond"), \$10,000,000 aggregate principal amount of its Greenville Utilities Commission Combined Enterprise System Revenue Bond, Series 1997, dated November 10, 1997 (the "Series 1997 Bond"), \$18,725,000 aggregate principal amount of its Greenville Utilities Commission Combined Enterprise System Revenue Bonds, Series 1998, dated October 15, 1998 (the "Series 1998 Bonds"), \$20,400,000 aggregate principal amount of its Greenville Utilities Commission Combined Enterprise System Revenue Bonds, Series 2000A, dated March 15, 2000 (the "Series 2000A Bonds") and \$25,085,000 aggregate principal amount of its Greenville Utilities Commission Combined Enterprise System Revenue Bonds, Series 2001, dated May 1, 2001 (the "Series 2001 Bonds"). Concurrently with the issuance of this Series 2003A Bond, the City is issuing under the Order \$8,760,000 aggregate principal amount of its Greenville Utilities Commission Combined Enterprise System Revenue Refunding Bond, Series 2003B, dated May 1, 2003 (the "Series 2003B Bond"). The Order

provides for the issuance from time to time under the conditions, limitations and restrictions therein set forth of additional Bonds (as hereinafter defined) to provide funds for paying all or any part of the cost of acquiring and constructing other Additional Improvements, to provide funds for completing payment of the cost of acquiring and constructing any Additional Improvements and to refund any Bonds issued under the Order and Indebtedness (as defined in the Order) other than Bonds (such additional Bonds, this Series 2003A Bond, the Series 2003B Bond, the Series 2001 Bonds, the Series 2000A Bonds, the Series 1998 Bonds, the Series 1995B Bond and the Series 1994 Bonds being herein collectively called the "Bonds"). The Order also provides for the incurrence or assumption by the City of other obligations which are secured by a pledge, charge and lien upon and payable from the "Net Receipts", being certain receipts and rights to receive receipts of the Combined Enterprise System (the "Receipts") after paying or making provision for the payment of Current Expenses (as defined in the Order) on a parity with the Bonds (such obligations and the Bonds being herein collectively called "Parity Indebtedness") and other obligations which are secured by a pledge, charge and lien upon and payable from the Net Receipts subordinate and junior in right of payment to Parity Indebtedness ("Subordinate Indebtedness") or which are not secured by a pledge, charge or lien upon the Net Receipts but are payable from the Net Receipts ("Additional Indebtedness" and, together with the Existing Indebtedness, as defined in the Order, "Other Indebtedness") under the conditions, limitations and restrictions therein set forth. Reference is hereby made to the Order for provisions, among others, with respect to the custody and application of the proceeds of Bonds, the collection and disposition of Receipts, the special fund charged with and made available for the payment of the interest and the redemption premium, if any, on and the principal of the Bonds and any other Parity Indebtedness, the nature and extent of the security for the Bonds, the Existing Indebtedness and any other Parity Indebtedness, Subordinate Indebtedness and Additional Indebtedness thereby created, the terms and conditions on which the Bonds of each series are or may be issued or the payment of debt service on other Parity Indebtedness, Subordinate Indebtedness or Additional Indebtedness may be incurred or assumed, the rights, duties and obligations of the City, the Bond Registrar and the Trustee and the rights of the registered owners of the Bonds. A certified copy of the Order is on file at the corporate trust office of The Bank of New York (the "Trustee"), in the City of Jacksonville, Florida. By the acceptance of this Series 2003A Bond, the registered owner hereof assents to all of the provisions of the Order.

The Order provides for the creation of a special fund designated the "Greenville Utilities Commission Parity Indebtedness Service Fund" (the "Parity Indebtedness Service Fund"), which special fund is made available for and charged with the payment of the principal of and the interest on all Bonds and any other Parity Indebtedness, and also provides for the deposit to the credit of said special fund of the Net Receipts to the extent and in the manner provided in the Order. The Order further provides for transfers to the credit of the Parity Indebtedness Service Fund from other funds created by the Order and made available thereunder to make up any deficiencies in said Fund with respect to all Bonds and any other Parity Indebtedness, all to the extent and in the manner provided in the Order.

The Order provides for the charging, revising and collecting by the Commission of rates, fees and charges for the use of and for the services and facilities furnished or to be furnished by the Combined Enterprise System in order to produce at all times sufficient Receipts, together with certain other available funds, to pay the Current Expenses and to pay the principal of and

interest on all Parity Indebtedness, Subordinate Indebtedness and Other Indebtedness as the same shall become due.

The Net Receipts are pledged by the Order to the payment of the principal of and the interest and any redemption premium on the Bonds and other Parity Indebtedness and then Subordinate Indebtedness as provided in the Order. In addition, the moneys in the Parity Indebtedness Reserve Fund and moneys derived from Qualified Reserve Fund Substitutes established in connection with the issuance of the Series 1994 Bonds, the Series 1998 Bonds, the Series 2000A Bonds and the Series 2001 Bonds are pledged by the Order as further security for the payment of all Parity Indebtedness and the interest thereon as provided in the Order; provided, however, that pursuant to the Series Resolution, no Bonds other than the Series 1994 Bonds, the Series 1998 Bonds, the Series 2000A Bonds and the Series 2001 Bonds are secured by such Qualified Reserve Fund Substitutes. The City is not obligated to pay the Bonds or Indebtedness other than Bonds except from the Net Receipts or other moneys made available therefor under the Order. Neither the faith and credit nor the taxing power of the State of North Carolina or any political subdivision thereof, including the City, is pledged to the payment of the principal of and the interest and any redemption premium on this Series 2003A Bond.

The Bonds are issuable as fully registered Bonds, in such denomination as the City may by resolution determine. At the principal corporate trust office of the Bond Registrar, in the manner and subject to the limitations and conditions provided in the Order, the Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of authorized denominations and bearing interest at the same rate.

The transfer of this Series 2003A Bond is registrable by the registered owner hereof in person or by his attorney or legal representative at the principal corporate trust office of the Bond Registrar but only in the manner and subject to the limitations and conditions provided in the Order and the Series Resolution and upon surrender and cancellation of this Series 2003A Bond. Upon any such registration of transfer the City shall execute and the Bond Registrar shall authenticate and deliver, in exchange for this Series 2003A Bond, a new bond or bonds, registered in the name of the transferee, of authorized denominations, in aggregate principal amount equal to the principal amount of this Series 2003A Bond, of the same series and maturity and bearing interest at the same rate. The City or the Bond Registrar may make a charge for every such exchange or registration of transfer of bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to any registered owner for the privilege of exchanging or registering the transfer of bonds. Neither the City nor the Bond Registrar shall be required to make any such exchange or registration of transfer of Bonds of a series during the fifteen (15) days immediately preceding the date of first giving of notice of any redemption of Bonds of such series or any portion thereof or of any Bonds after such Bonds or any portion thereof has been selected for redemption.

Notwithstanding any other provisions of the Order or the Series Resolution, the Bond Registrar shall not register the transfer of this Series 2003A Bond to any person other than a bank, an insurance company or a similar financial institution unless this Series 2003A Bond is rated "BBB" or higher by Standard & Poor's Ratings Services or Fitch, Inc. or "Baa" or higher

by Moody's Investors Service, Inc. or such transfer has been previously approved by the Local Government Commission of North Carolina.

This Series 2003A Bond may be redeemed prior to its maturity, at the option of the City, in whole on any date, from any moneys that may be available for such purpose, at the principal amount of this Series 2003A Bond to be redeemed, together with the interest accrued thereon to date fixed for redemption, plus a premium of four percent of such principal amount in the years 2003 to 2005, inclusive, and a premium of three percent of such principal amount thereafter. The moneys in the Parity Indebtedness Service Fund and the Redemption Fund, as defined in the Order, available for the purchase or redemption of Bonds shall be allocated to all series of Bonds outstanding under the Order in the manner provided in the Order.

Except as hereinafter provided, not more than ninety (90) days and at least thirty (30) days before the redemption date of any Bonds, the Bond Registrar shall cause a notice of any such redemption, either in whole or in part, signed by the Bond Registrar, to be mailed, first-class, postage prepaid, to the Local Government Commission of North Carolina and all registered owners of Bonds or portions of Bonds to be redeemed at their addresses as they appear on the registration books of the City kept by the Bond Registrar, as provided in the Order, but failure so to mail any such notice shall not affect the validity of the proceedings for such redemption as to any registered owners to whom such notice was given as so required. The City shall also cause a notice of any such redemption to be given as provided in the Order. On the date designated for redemption, notice having been given as aforesaid, the Bonds or portions of Bonds so called for redemption shall become and be due and payable at the redemption price provided for the redemption of such Bonds or portions thereof on such date, and, if the moneys for payment of the redemption price and the accrued interest are held by the Bond Registrar, as provided in the Order, interest on such Bonds or portions thereof shall cease to accrue, such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Order, and the registered owners thereof shall have no rights in respect of such Bonds or portions thereof except to receive payment of the redemption price thereof and the accrued interest so held by the Bond Registrar. If a portion of this bond shall be called for redemption, a new Bond or Bonds in principal amount equal to the unredeemed portion hereof will be issued to the registered owner upon surrender hereof.

The registered owner of this bond shall have no rights to enforce the provisions of the Order or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Order or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Order.

In certain events, on the conditions, in the manner and with the effect set forth in the Order, the principal of all Bonds then outstanding under the Order may become or may be declared due and payable before their stated maturities, together with the interest accrued thereon.

Modifications or alterations of the Order may be made by the City only to the extent and in the circumstances permitted by the Order.

As declared by the Enabling Act, this Series 2003A Bond, subject only to the provisions for registration and registration of transfer stated herein and contained in the Order, is an investment security within the meaning of and for all the purposes of Article 8 of the Uniform Commercial Code of the State of North Carolina.

This Series 2003A Bond is issued with the intent that the laws of the State of North Carolina shall govern its construction.

All acts, conditions and things required by the Constitution and laws of the State of North Carolina, the Order and the Series Resolution to happen, exist and be performed precedent to and in the issuance of this Series 2003A Bond have happened, exist and have been performed as so required.

This Series 2003A Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Order until this Series 2003A Bond shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the City of Greenville, North Carolina has caused this Series 2003A Bond to be signed by the Mayor and the City Clerk of the City and the corporate seal of the City to be impressed hereon, all as of the Dated Date set forth above.

CITY OF GREENVILLE, NORTH CAROLINA

[SEAL]

By _____ [manual signature]
Mayor

_____ [manual signature]
City Clerk

CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

The issuance of the within Bond has been approved under the provisions of The State and Local Government Revenue Bond Act of North Carolina.

_____ [manual signature]
Secretary, Local Government
Commission of North Carolina

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the series designated therein and issued under the provisions of the within-mentioned Order.

THE BANK OF NEW YORK, as Bond Registrar

By _____
Agent

Date of authentication: _____

ASSIGNMENT

FOR VALUE RECEIVED the undersigned registered owner thereof hereby sells,
assigns and transfers unto _____

the within Bond and all rights thereunder and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of said Bond on the books kept for registration thereof, with full power of substitution in the premises

Dated: _____

NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion program (STAMP) or similar program.

SCHEDULE I

<u>Maturity Date</u>	<u>Principal Installments</u>
May 14, 2004	\$515,586.92
May 14, 2005	531,258.63
May 14, 2006	547,046.32
May 14, 2007	563,303.21
May 14, 2008	579,870.41
May 14, 2009	597,275.52
May 14, 2010	615,025.08
May 14, 2011	314,351.75

Authorization of the Series 2003B Bond. Pursuant to the Enabling Act and Section 211 of the Order, the City Council hereby authorizes the issuance of a refunding revenue bond of the City, designated "Greenville Utilities Commission Combined Enterprise System Revenue Refunding

Bond, Series 2003B” (the “Series 2003B Bond”) in the principal amount of \$8,760,000, to be issued in exchange for the Series 1997 Bond outstanding in the principal amount of \$8,760,000. The Series 2003B Bond shall be dated as of the date of its delivery, shall be a Serial Bond stated to mature (subject to the right of prior redemption) on the dates and in the amounts and bearing interest at the rate of 3.67% as set forth in Schedule I to the form of the Series 2003B Bond set forth below, shall be numbered R2003B-1 and shall be exchangeable for fully-registered bonds in denominations of not less than \$100,000. Interest on the Series 2003B Bond shall be payable on November 1, 2003 and thereafter semiannually on each May 1 and November 1 until the Series 2003B Bond is paid in full. There shall not be any Parity Indebtedness Reserve Requirement for the Series 2003B Bond, and the Series 2003B Bond shall not be secured by the Parity Indebtedness Reserve Fund.

Optional Redemption of the Series 2003B Bond. The Series 2003B Bond shall be subject to redemption prior to maturity, at the option of the City, in whole on any date, from any moneys that may be made available for such purpose, upon notice as provided in Article III of the Order and at a Redemption Price (expressed as a percentage of the principal amount of the Series 2003B Bond) of 104% plus accrued interest thereon to the date fixed for redemption in the years 2003 to 2005, inclusive, and at a Redemption Price (expressed as a percentage of the principal amount of the Series 2003B Bond) of 103% thereafter.

Form of the Series 2003B Bond. The Series 2003B Bond and the Certificate of the Local Government Commission and the Certificate of Authentication to be endorsed on the Series 2003B Bond shall be substantially in the following form, with such variations, omissions and insertions as are required or permitted by the Order or this Series Resolution:

PRIVATE PLACEMENT

No. R2003B-1 \$8,760,000

United States of America
State of North Carolina

CITY OF GREENVILLE

Greenville Utilities Commission Combined Enterprise System
Revenue Refunding Bond, Series 2003B

<u>Maturity Dates</u>	<u>Dated Date</u>	<u>Interest Rate</u>	<u>CUSIP</u>
As set forth in Schedule I	May 1, 2003	3.67%	

Principal Amount: EIGHT MILLION SEVEN HUNDRED SIXTY THOUSAND DOLLARS
(\$8,760,000)

The City of Greenville (the “City”), a municipal corporation in Pitt County, North Carolina, exercising public and essential governmental functions, is justly indebted and for value received hereby promises to pay, solely from the special fund provided therefor as hereinafter set

forth, to Bank of America, N.A. or registered assigns or legal representative, the Principal Amount shown above in annual installments on the maturity dates referred to above (or earlier as stated hereinafter), without the presentation and surrender hereof at the principal corporate trust office of The Bank of New York, in the City of New York, New York, or any successor bond registrar (the "Bond Registrar"), the Principal Amount shown above in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and to pay, solely from said special fund, in whose name this Series 2003B Bond (or one or more Predecessor Bonds, as defined in the Order hereinafter mentioned), is registered at the close of business on the regular record date for such interest, which shall be the 15th day of the calendar month next preceding an interest payment date (the "Regular Record Date"), interest on the unpaid Principal Amount from the date of this Series 2003B Bond or from the May 1 or November 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a May 1 or November 1 to which interest shall have been paid, in which case from such date, on May 1 and November 1 in each year, commencing November 1, 2003, in like coin or currency, at the rate per annum specified above until payment of said principal sum. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the person who was the registered owner on such Regular Record Date and may be paid to the person in whose name this Series 2003B Bond (or one or more Predecessor Bonds) is registered at the close of business on a Special Record Date (as defined in the Order) for the payment of such defaulted interest to be fixed by the Trustee hereinafter mentioned, notice whereof being given to registered owners not less than ten (10) days prior to such Special Record Date, or may be paid in any other lawful manner not inconsistent with the requirements of applicable law or any securities exchange on which the Series 2003B Bond may be listed and upon such notice as may be required by such law or exchange, all as more fully provided in the Order.

This Series 2003B Bond is one of a duly authorized series of revenue bonds of the City, designated "Greenville Utilities Commission Combined Enterprise System Revenue Refunding Bond, Series 2003B", consisting of a Serial Bond maturing in annual installments on May 1 of each year to and including May 1, 2018, and issued in exchange for the Series 1997 Bond (as defined herein) outstanding in the principal amount of \$8,760,000. Pursuant to the Enabling Act (as hereinafter defined), the Greenville Utilities Commission (the "Commission") is responsible for the management, operation, maintenance, improvement and extension of the Combined Enterprise System.

The Series 2003B Bond is issued under and pursuant to the Constitution and laws of the State of North Carolina, including Chapter 861 of the 1992 Session Laws of North Carolina and The State and Local Government Revenue Bond Act, as amended (collectively, the "Enabling Act"), a Bond Order duly adopted on August 11, 1994, amended and restated as of April 13, 2000 (the "Order") by the City Council of the City (the "City Council"), and a series resolution duly adopted on March 18, 2003 (the "Series Resolution") by the City Council. The City has heretofore issued under the Order \$13,090,000 aggregate principal amount of its Greenville Utilities Commission Combined Enterprise System Revenue Bonds, Series 1994, dated August 15, 1994 (the "Series 1994 Bonds"), \$7,765,000 aggregate principal amount of its Greenville Utilities Commission Combined Enterprise System Revenue Bond, Series 1995A, dated November 14, 1995 (the "Series 1995A Bond"), \$1,228,518.69 aggregate principal amount of its Greenville Utilities Commission Combined Enterprise System Revenue Refunding Bond, Series

1995B, dated November 14, 1995 (the "Series 1995B Bond"), \$10,000,000 aggregate principal amount of its Greenville Utilities Commission Combined Enterprise System Revenue Bond, Series 1997, dated November 10, 1997 (the "Series 1997 Bond"), \$18,725,000 aggregate principal amount of its Greenville Utilities Commission Combined Enterprise System Revenue Bonds, Series 1998, dated October 15, 1998 (the "Series 1998 Bonds"), \$20,400,000 aggregate principal amount of its Greenville Utilities Commission Combined Enterprise System Revenue Bonds, Series 2000A, dated March 15, 2000 (the "Series 2000A Bonds") and \$25,085,000 aggregate principal amount of its Greenville Utilities Commission Combined Enterprise System Revenue Bonds, Series 2001, dated May 1, 2001 (the "Series 2001 Bonds"). Concurrently with the issuance of the Series 2003B Bond, the City is issuing under the Order \$4,817,725 aggregate principal amount of its Greenville Utilities Commission Combined Enterprise System Revenue Refunding Bond, Series 2003A, dated May 14, 2003 (the "Series 2003A Bond"). The Order provides for the issuance from time to time under the conditions, limitations and restrictions therein set forth of additional Bonds (as hereinafter defined) to provide funds for paying all or any part of the cost of acquiring and constructing other Additional Improvements, to provide funds for completing payment of the cost of acquiring and constructing any Additional Improvements and to refund any Bonds issued under the Order and Indebtedness (as defined in the Order) other than Bonds (such additional Bonds, this Series 2003B Bond, the Series 2003A Bond, the Series 2001 Bonds, the Series 2000A Bonds, the Series 1998 Bonds, the Series 1995B Bond and the Series 1994 Bonds being herein collectively called the "Bonds"). The Order also provides for the incurrence or assumption by the City of other obligations which are secured by a pledge, charge and lien upon and payable from the "Net Receipts", being certain receipts and rights to receive receipts of the Combined Enterprise System (the "Receipts") after paying or making provision for the payment of Current Expenses (as defined in the Order) on a parity with the Bonds (such obligations and the Bonds being herein collectively called "Parity Indebtedness") and other obligations which are secured by a pledge, charge and lien upon and payable from the Net Receipts subordinate and junior in right of payment to Parity Indebtedness ("Subordinate Indebtedness") or which are not secured by a pledge, charge or lien upon the Net Receipts but are payable from the Net Receipts ("Additional Indebtedness" and, together with the Existing Indebtedness, as defined in the Order, "Other Indebtedness") under the conditions, limitations and restrictions therein set forth. Reference is hereby made to the Order for provisions, among others, with respect to the custody and application of the proceeds of Bonds, the collection and disposition of Receipts, the special fund charged with and made available for the payment of the interest and the redemption premium, if any, on and the principal of the Bonds and any other Parity Indebtedness, the nature and extent of the security for the Bonds, the Existing Indebtedness and any other Parity Indebtedness, Subordinate Indebtedness and Additional Indebtedness thereby created, the terms and conditions on which the Bonds of each series are or may be issued or the payment of debt service on other Parity Indebtedness, Subordinate Indebtedness or Additional Indebtedness may be incurred or assumed, the rights, duties and obligations of the City, the Bond Registrar and the Trustee and the rights of the registered owners of the Bonds. A certified copy of the Order is on file at the corporate trust office of The Bank of New York (the "Trustee"), in the City of Jacksonville, Florida. By the acceptance of this Series 2003B Bond, the registered owner hereof assents to all of the provisions of the Order.

The Order provides for the creation of a special fund designated the "Greenville Utilities Commission Parity Indebtedness Service Fund" (the "Parity Indebtedness Service Fund"), which

special fund is made available for and charged with the payment of the principal of and the interest on all Bonds and any other Parity Indebtedness, and also provides for the deposit to the credit of said special fund of the Net Receipts to the extent and in the manner provided in the Order. The Order further provides for transfers to the credit of the Parity Indebtedness Service Fund from other funds created by the Order and made available thereunder to make up any deficiencies in said Fund with respect to all Bonds and any other Parity Indebtedness, all to the extent and in the manner provided in the Order.

The Order provides for the charging, revising and collecting by the Commission of rates, fees and charges for the use of and for the services and facilities furnished or to be furnished by the Combined Enterprise System in order to produce at all times sufficient Receipts, together with certain other available funds, to pay the Current Expenses and to pay the principal of and interest on all Parity Indebtedness, Subordinate Indebtedness and Other Indebtedness as the same shall become due.

The Net Receipts are pledged by the Order to the payment of the principal of and the interest and any redemption premium on the Bonds and other Parity Indebtedness and then Subordinate Indebtedness as provided in the Order. In addition, the moneys in the Parity Indebtedness Reserve Fund and moneys derived from Qualified Reserve Fund Substitutes established in connection with the issuance of the Series 1994 Bonds, the Series 1998 Bonds, the Series 2000A Bonds and the Series 2001 Bonds are pledged by the Order as further security for the payment of all Parity Indebtedness and the interest thereon as provided in the Order; provided, however, that pursuant to the Series Resolution, no Bonds other than the Series 1994 Bonds, the Series 1998 Bonds, the Series 2000A Bonds and the Series 2001 Bonds are secured by such Qualified Reserve Fund Substitutes. The City is not obligated to pay the Bonds or Indebtedness other than Bonds except from the Net Receipts or other moneys made available therefor under the Order. Neither the faith and credit nor the taxing power of the State of North Carolina or any political subdivision thereof, including the City, is pledged to the payment of the principal of and the interest and any redemption premium on this Series 2003B Bond.

The Bonds are issuable as fully registered Bonds, in such denomination as the City may by resolution determine. At the principal corporate trust office of the Bond Registrar, in the manner and subject to the limitations and conditions provided in the Order, the Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of authorized denominations and bearing interest at the same rate.

The transfer of this Series 2003B Bond is registrable by the registered owner hereof in person or by his attorney or legal representative at the principal corporate trust office of the Bond Registrar but only in the manner and subject to the limitations and conditions provided in the Order and the Series Resolution and upon surrender and cancellation of this Series 2003B Bond. Upon any such registration of transfer the City shall execute and the Bond Registrar shall authenticate and deliver, in exchange for this Series 2003B Bond, a new bond or bonds, registered in the name of the transferee, of authorized denominations, in aggregate principal amount equal to the principal amount of this Series 2003B Bond, of the same series and maturity and bearing interest at the same rate. The City or the Bond Registrar may make a charge for every such exchange or registration of transfer of bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of

transfer, but no other charge shall be made to any registered owner for the privilege of exchanging or registering the transfer of bonds. Neither the City nor the Bond Registrar shall be required to make any such exchange or registration of transfer of Bonds of a series during the fifteen (15) days immediately preceding the date of first giving of notice of any redemption of Bonds of such series or any portion thereof or of any Bonds after such Bonds or any portion thereof has been selected for redemption.

Notwithstanding any other provisions of the Order or the Series Resolution, the Bond Registrar shall not register the transfer of this Series 2003B Bond to any person other than a bank, an insurance company or a similar financial institution unless this Series 2003B Bond is rated "BBB" or higher by Standard & Poor's Ratings Services or Fitch, Inc. or "Baa" or higher by Moody's Investors Service, Inc. or such transfer has been previously approved by the Local Government Commission of North Carolina.

This Series 2003B Bond may be redeemed prior to its maturity, at the option of the City, in whole on any date, from any moneys that may be available for such purpose, at the principal amount of this Series 2003B Bond to be redeemed, together with the interest accrued thereon to date fixed for redemption, plus a premium of four percent of such principal amount in the years 2003 to 2005, inclusive, and a premium of three percent of such principal amount thereafter.

The moneys in the Parity Indebtedness Service Fund and the Redemption Fund, as defined in the Order, available for the purchase or redemption of Bonds shall be allocated to all series of Bonds outstanding under the Order in the manner provided in the Order.

Except as hereinafter provided, not more than ninety (90) days and at least thirty (30) days before the redemption date of any Bonds, the Bond Registrar shall cause a notice of any such redemption, either in whole or in part, signed by the Bond Registrar, to be mailed, first-class, postage prepaid, to the Local Government Commission of North Carolina and all registered owners of Bonds or portions of Bonds to be redeemed at their addresses as they appear on the registration books of the City kept by the Bond Registrar, as provided in the Order, but failure so to mail any such notice shall not affect the validity of the proceedings for such redemption as to any registered owners to whom such notice was given as so required. The City shall also cause a notice of any such redemption to be given as provided in the Order. On the date designated for redemption, notice having been given as aforesaid, the Bonds or portions of Bonds so called for redemption shall become and be due and payable at the redemption price provided for the redemption of such Bonds or portions thereof on such date, and, if the moneys for payment of the redemption price and the accrued interest are held by the Bond Registrar, as provided in the Order, interest on such Bonds or portions thereof shall cease to accrue, such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Order, and the registered owners thereof shall have no rights in respect of such Bonds or portions thereof except to receive payment of the redemption price thereof and the accrued interest so held by the Bond Registrar. If a portion of this bond shall be called for redemption, a new Bond or Bonds in principal amount equal to the unredeemed portion hereof will be issued to the registered owner upon surrender hereof.

The registered owner of this bond shall have no rights to enforce the provisions of the Order or to institute action to enforce the covenants therein, or to take any action with respect to

any event of default under the Order or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Order.

In certain events, on the conditions, in the manner and with the effect set forth in the Order, the principal of all Bonds then outstanding under the Order may become or may be declared due and payable before their stated maturities, together with the interest accrued thereon.

Modifications or alterations of the Order may be made by the City only to the extent and in the circumstances permitted by the Order.

As declared by the Enabling Act, this Series 2003B Bond, subject only to the provisions for registration and registration of transfer stated herein and contained in the Order, is an investment security within the meaning of and for all the purposes of Article 8 of the Uniform Commercial Code of the State of North Carolina.

This Series 2003B Bond is issued with the intent that the laws of the State of North Carolina shall govern its construction.

All acts, conditions and things required by the Constitution and laws of the State of North Carolina, the Order and the Series Resolution to happen, exist and be performed precedent to and in the issuance of this Series 2003B Bond have happened, exist and have been performed as so required.

This Series 2003B Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Order until this Series 2003B Bond shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the City of Greenville, North Carolina has caused this Series 2003B Bond to be signed by the Mayor and the City Clerk of the City and the corporate seal of the City to be impressed hereon, all as of the Dated Date set forth above.

CITY OF GREENVILLE, NORTH CAROLINA

[SEAL]

By [manual signature]
Mayor

 [manual signature]
City Clerk

CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

The issuance of the within Bond has been approved under the provisions of The State and Local Government Revenue Bond Act of North Carolina.

[manual signature]

Secretary, Local Government
Commission of North Carolina

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the series designated therein and issued under the provisions of the within-mentioned Order.

THE BANK OF NEW YORK, as Bond Registrar

By _____
Agent

Date of authentication: _____

ASSIGNMENT

FOR VALUE RECEIVED the undersigned registered owner thereof hereby sells,
assigns and transfers unto _____ the
_____ within Bond and all rights thereunder and hereby irrevocably constitutes and appoints
_____ attorney to register the transfer of said Bond on the books kept for
registration thereof, with full power of substitution in the premises

Dated: _____

NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion program (STAMP) or similar program.

SCHEDULE I

<u>Maturity Dates</u>	<u>Principal Installments</u>
May 1, 2004	\$437,058.22
May 1, 2005	454,085.89
May 1, 2006	470,903.74
May 1, 2007	488,344.45
May 1, 2008	505,780.14
May 1, 2009	525,163.55
May 1, 2010	544,613.88
May 1, 2011	564,784.57
May 1, 2012	585,270.54
May 1, 2013	607,378.82
May 1, 2014	629,874.12
May 1, 2015	653,202.59
May 1, 2016	677,216.80
May 1, 2017	702,476.92
May 1, 2018	360,962.62

Principal and Interest Payments. Payment of the principal installments and interest on each of the Series 2003A Bond and the Series 2003B Bond which is payable and is punctually paid or duly provided for shall be made by the Bond Registrar on each principal and interest payment date to the person in whose name such Bond (or one or more Predecessor Bonds) is registered on the registration books of the City at the close of business on the Regular Record Date by check mailed to such person at his address as it appears on such registration books.

Application of Proceeds of the Series 2003A Bond. Simultaneously with the delivery of the Series 2003A Bond, the Trustee shall apply the proceeds of the Series 2003A Bond to redeem prior to maturity the Series 1995A Bond.

Application of Certain Revenues. Subject to the provisions of Section 507 of the Order, the Commission shall, on or before the twenty-fifth (25th) day of the months hereinafter specified, withdraw from the Operating Checking Account moneys held for the credit of the Appropriate Operating Funds in such amounts as shall be necessary for the purpose of making the following transfers:

On or before each April 25 and October 25, beginning October 25, 2003, to the Trustee for deposit to the credit of the Interest Account created by the Order, such amount thereof (or the entire sum so withdrawn if less than the required amount) as is sufficient to make full and timely payment of the interest to become due and payable on each of the Series 2003A Bond and the Series 2003B Bond on the next ensuing interest payment date, after taking into account any amounts then held for the credit of the Interest Account created by the Order (including amounts transferred from the Construction Fund) for the payment of such interest.

On or before each April 25, beginning April 25, 2004, to the Trustee for deposit to the credit of the Principal Account created by the Order, such amount, if any, of

the balance remaining after making the transfer under clause (a) above (or the entire balance if less than the required amount) as is sufficient to make full and timely payment of the principal installment of the Series 2003A Bond to become due and payable on May 14 and the principal installment of the Series 2003B Bond to become due and payable on May 1, after taking into account any amounts then held for the credit of the Principal Account created by the Order for the payment of such principal.

LGC Requested to Award the Series 2003A Bond. Subject to the approval thereof by the City Manager of the City or the Delegate, the City Council hereby (i) requests the Local Government Commission of North Carolina (the "LGC") to award the Series 2003A Bond at private sale without advertisement to Bank of America, N.A. and (ii) directs the Trustee to exchange the Series 2003B Bond for the Series 1997 Bond, in both cases in accordance with the provisions of the Bond Purchase and Interest Rate Modification Agreement between Bank of America, N.A. and the LGC (the "Bond Purchase Agreement"). If the LGC awards the Series 2003A Bond as hereinabove requested, the provisions of the Bond Purchase Agreement presented to the City Council for its consideration are hereby approved in all respects, and the City Manager of the City or the Delegate is hereby authorized to signify such approval by the execution of the Bond Purchase Agreement in substantially the form presented, such execution to be conclusive evidence of the approval thereof by the City.

Section 1. Covenant to Provide Financial Information. The City shall deliver to Bank of America, N.A., for so long as it is the registered owner of either the Series 2003A Bond or the Series 2003B Bond, within 180 days after the close of each Fiscal Year, a copy of the audit report for such Fiscal Year.

Bank Qualification. The City hereby designates each of the Series 2003A Bond and the Series 2003B Bond as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Authorization to City and Commission Officials. The officers, agents and employees of the City and the Commission and the officers and agents of the Trustee and the Bond Registrar are hereby authorized and directed to do all acts and things required of them by the provisions of the Series 2003A Bond, the Series 2003B Bond, the Order, the Bond Purchase Agreement and this Series Resolution for the full, punctual and complete performance of the terms, covenants, provisions and agreements therein.

Effective Date. This Series Resolution shall take effect immediately upon its adoption.

Adopted this the 18th day of March, 2003.

/S/ Robert D. Parrott, Mayor

ATTEST:

/s/ Wanda T. Elks, City Clerk

“COPY”

APPOINTMENT OF JOINT AUDITOR SELECTION COMMITTEE

The Council and Commissioners were informed that Greenville Utilities Commission and the City of Greenville have utilized the services of Cherry, Bekaert, and Holland, LLP since 1996. This firm was initially awarded the audit through a competitive process for a period of five years. Last year significant changes were required by Statement 34 of the General Accounting Standards Board (GASB34); therefore, Cherry, Bekaert, and Holland was retained through the last fiscal year. In order to allow sufficient time to entertain questions regarding proposals for audit services and meet preliminary audit work deadlines, requests for proposals need to be sent out as close to the beginning of April as possible. The audit negotiations and contract involves Greenville Utilities Commission, the City of Greenville, Sheppard Memorial Library, and the Convention and Visitors Authority. Staff recommended that a joint auditor selection committee be formed consisting of two Greenville Utilities Commission Commissioners, two City Council members, one Sheppard Memorial Library Board of Trustees member, and one Convention and Visitors Authority Board member. This group will receive proposals, interview firms, and make recommendations to the governing boards for one firm to undertake this audit work. During the interviews and selection, it is anticipated that the committee will have discussion with the audit firm as to direct communications with the governing boards and interim communications before the audit report is completed and presented. The staffs of the entities will be of assistance in this process.

Chairman Davis appointed himself and Vice-Chairman Jenkins to the Joint Auditor Selection Committee.

Mayor Don Parrott appointed Council Members Glover and Little to the Joint Auditor Selection Committee.

CONSIDERATION OF APPOINTMENT OF JOINT COMPENSATION COMMITTEE

The Council was reminded that as part of the budget process each year, Greenville Utilities Commission and the City appoint a Joint Compensation Committee. In previous years, two people from each organization have been appointed. Greenville Utilities Commission and the City have the same benefit structure. The Joint Compensation Committee makes recommendations on what will be done for compensation for both organizations. As a result of the budget schedule being moved up, the Committee will have to meet and make a recommendation the week of March 24 to March 28 to be able to meet the budget schedule.

Chairman Davis appointed Commissioners Powell and Taylor to the Joint Compensation Committee.

Mayor Don Parrott appointed Council Members Dunn and Craft to the Joint Compensation Committee.

The Joint Compensation Committee will be bringing back recommendations to the joint Greenville Utilities Commission/City Council meeting on March 31.

CITY MANAGER/GENERAL MANAGER REPORTS

City Manager Davis reminded the Commissioners and the City Council of the joint meeting on Monday, March 31.

General Manager Green had nothing to report.

Mayor Parrott stated that this had been a very productive and positive meeting.

ADJOURN

Motion was made by Mayor Pro-Tem Miller and seconded by Council Member Little to adjourn the meeting at 6:35 p.m. Motion carried unanimously.

Motion was made by Commissioner Zincone and seconded by Commissioner Powell to adjourn the meeting at 6:35 p.m. Motion carried unanimously.

Respectfully submitted,

Wanda T. Elks, CMC
City Clerk